

Senate File 149 - Introduced

SENATE FILE 149

BY ZAUN

A BILL FOR

1 An Act relating to state taxes by eliminating the individual
2 income tax, increasing the sales and use tax rates, making
3 conforming changes, and including effective date and
4 applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

REPEAL OF THE INDIVIDUAL INCOME TAX

Section 1. Section 8.57E, subsection 2, Code 2021, is amended to read as follows:

2. Moneys in the taxpayer relief fund shall only be used pursuant to appropriations or transfers made by the general assembly for tax relief, ~~including but not limited to increases in the general retirement income exclusion under section 422.7, subsection 31, or reductions in income tax rates.~~

Sec. 2. Section 12D.9, subsection 2, Code 2021, is amended by striking the subsection.

Sec. 3. Section 12I.8, subsection 2, Code 2021, is amended by striking the subsection.

Sec. 4. Section 12I.10, subsection 2, Code 2021 is amended by striking the subsection.

Sec. 5. Section 15.293A, subsection 1, paragraph a, Code 2021, is amended to read as follows:

a. A redevelopment tax credit shall be allowed against the taxes imposed in [chapter 422, subchapters II, III, and V](#), and in [chapter 432](#), and against the moneys and credits tax imposed in [section 533.329](#), for a portion of a taxpayer's equity investment, as provided in [subsection 3](#), in a qualifying redevelopment project.

Sec. 6. Section 15.293A, subsection 1, paragraph b, Code 2021, is amended by striking the paragraph.

Sec. 7. Section 15.293A, subsection 2, paragraphs c and f, Code 2021, are amended to read as follows:

c. The tax credit certificate, unless rescinded by the authority, shall be accepted by the department of revenue as payment for taxes imposed pursuant to [chapter 422, subchapters II, III, and V](#), and in [chapter 432](#), and for the moneys and credits tax imposed in [section 533.329](#), subject to any conditions or restrictions placed by the authority upon the face of the tax credit certificate and subject to the limitations of [this section](#).

1 *f.* A tax credit shall not be claimed by a transferee
 2 under [this section](#) until a replacement tax credit certificate
 3 identifying the transferee as the proper holder has been
 4 issued. The transferee may use the amount of the tax credit
 5 transferred against the taxes imposed in chapter 422,
 6 subchapters ~~II~~, ~~III~~, and V, and in [chapter 432](#), and against the
 7 moneys and credits tax imposed in [section 533.329](#), for any tax
 8 year the original transferor could have claimed the tax credit.
 9 Any consideration received for the transfer of the tax credit
 10 shall not be included as income under chapter 422, subchapters
 11 ~~II~~, ~~III~~, and V. Any consideration paid for the transfer of the
 12 tax credit shall not be deducted from income under chapter 422,
 13 subchapters ~~II~~, ~~III~~, and V.

14 Sec. 8. Section 15.293A, subsection 4, Code 2021, is amended
 15 to read as follows:

16 4. For purposes of ~~individual and~~ corporate income taxes and
 17 the franchise tax, the increase in the basis of the redeveloped
 18 property that would otherwise result from the qualified
 19 redevelopment costs shall be reduced by the amount of the
 20 credit computed under this part.

21 Sec. 9. Section 15.319, subsection 2, Code 2021, is amended
 22 to read as follows:

23 2. The tax credit shall be allowed against taxes imposed
 24 under [chapter 422, subchapter ~~II~~ or III](#).

25 Sec. 10. Section 15.319, subsection 4, Code 2021, is amended
 26 by striking the subsection.

27 Sec. 11. Section 15.319, subsection 6, paragraph c, Code
 28 2021, is amended to read as follows:

29 *c.* The tax credit certificate, unless rescinded by the
 30 authority, shall be accepted by the department of revenue
 31 as payment for taxes imposed pursuant to chapter 422,
 32 ~~subchapters II and~~ subchapter III, subject to any conditions
 33 or restrictions placed by the authority upon the face of the
 34 tax credit certificate and subject to the limitations of the
 35 program.

1 Sec. 12. Section 15.333, subsection 2, Code 2021, is amended
2 to read as follows:

3 2. An eligible business may claim a tax credit equal to
4 a percentage of the new investment directly related to new
5 jobs created or retained by the project. The tax credit
6 shall be amortized equally over five calendar years. The tax
7 credit shall be allowed against taxes imposed under chapter
8 422, subchapter II, III, or V, and against the moneys and
9 credits tax imposed in [section 533.329](#). ~~If the business is~~
10 ~~a partnership, S corporation, limited liability company,~~
11 ~~cooperative organized under [chapter 501](#) and filing as a~~
12 ~~partnership for federal tax purposes, or estate or trust~~
13 ~~electing to have the income taxed directly to the individual,~~
14 ~~an individual may claim the tax credit allowed. The amount~~
15 ~~claimed by the individual shall be based upon the pro rata~~
16 ~~share of the individual's earnings of the partnership, S~~
17 ~~corporation, limited liability company, cooperative organized~~
18 ~~under [chapter 501](#) and filing as a partnership for federal~~
19 ~~tax purposes, or estate or trust. The percentage shall be~~
20 determined as provided in [section 15.335A](#). Any tax credit in
21 excess of the tax liability for the tax year may be credited
22 to the tax liability for the following seven years or until
23 depleted, whichever occurs first.

24 Sec. 13. Section 15.335, subsection 5, Code 2021, is amended
25 to read as follows:

26 5. The credit allowed in [this section](#) is in addition to
27 the credit authorized in ~~[section 422.10](#)~~ and section 422.33,
28 subsection 5. However, if the alternative credit computation
29 method is used in ~~[section 422.10](#)~~ or section 422.33, subsection
30 5, the credit allowed in [this section](#) shall also be computed
31 using that method.

32 Sec. 14. Section 15.335, subsection 6, Code 2021, is amended
33 by striking the subsection.

34 Sec. 15. Section 15.355, subsection 3, paragraph b, Code
35 2021, is amended to read as follows:

1 *b.* The tax credit shall be allowed against the taxes imposed
 2 in [chapter 422, subchapters II, III, and V](#), and in chapter
 3 432, and against the moneys and credits tax imposed in section
 4 533.329.

5 Sec. 16. Section 15.355, subsection 3, paragraph c, Code
 6 2021, is amended by striking the paragraph.

7 Sec. 17. Section 15.355, subsection 3, paragraph e,
 8 subparagraphs (3) and (6), Code 2021, are amended to read as
 9 follows:

10 (3) The tax credit certificate, unless rescinded by the
 11 authority, shall be accepted by the department of revenue as
 12 payment for taxes imposed pursuant to chapter 422, subchapters
 13 [II, III, and V](#), and in [chapter 432](#), and for the moneys and
 14 credits tax imposed in [section 533.329](#), subject to any
 15 conditions or restrictions placed by the authority upon
 16 the face of the tax credit certificate and subject to the
 17 limitations of this program.

18 (6) A tax credit shall not be claimed by a transferee
 19 under [this section](#) until a replacement tax credit certificate
 20 identifying the transferee as the proper holder has been
 21 issued. The transferee may use the amount of the tax credit
 22 transferred against the taxes imposed in chapter 422,
 23 subchapters [II, III, and V](#), and in [chapter 432](#), and against the
 24 moneys and credits tax imposed in [section 533.329](#), for any tax
 25 year the original transferor could have claimed the tax credit.
 26 Any consideration received for the transfer of the tax credit
 27 shall not be included as income under chapter 422, subchapters
 28 [II, III, and V](#). Any consideration paid for the transfer of the
 29 tax credit shall not be deducted from income under chapter 422,
 30 subchapters [II, III, and V](#).

31 Sec. 18. Section 15.355, subsection 3, paragraph f, Code
 32 2021, is amended to read as follows:

33 *f.* For purposes of the ~~individual and~~ corporate income
 34 taxes and the franchise tax, the increase in the basis of the
 35 property that would otherwise result from the qualifying new

1 investment shall be reduced by the amount of the tax credit
2 computed under [this subsection](#).

3 Sec. 19. Section 15A.7, subsection 1, Code 2021, is amended
4 to read as follows:

5 1. That the project shall be administered in the same
6 manner as a project under [chapter 260E](#) and that a supplemental
7 new jobs credit from withholding in an amount equal to one
8 and one-half percent of the gross wages paid by the employer
9 pursuant to [section 422.16](#), Code 2021, is authorized to fund
10 the program services for the additional project.

11 Sec. 20. Section 15E.43, subsection 1, Code 2021, is amended
12 to read as follows:

13 1. *a.* For tax years beginning on or after January 1, 2015,
14 a tax credit shall be allowed against the taxes imposed in
15 chapter 422, subchapters II, III, and V, and in [chapter 432](#),
16 and against the moneys and credits tax imposed in section
17 533.329, for a portion of a taxpayer's equity investment, as
18 provided in [subsection 2](#), in a qualifying business.

19 ~~*b.* An individual may claim a tax credit under this section~~
20 ~~of a partnership, limited liability company, S corporation,~~
21 ~~estate, or trust electing to have income taxed directly to~~
22 ~~the individual. The amount claimed by the individual shall~~
23 ~~be based upon the pro rata share of the individual's earnings~~
24 ~~from the partnership, limited liability company, S corporation,~~
25 ~~estate, or trust.~~

26 ~~*c.*~~ *b.* A tax credit shall be allowed only for an investment
27 made in the form of cash to purchase equity in a qualifying
28 business.

29 ~~*d.*~~ *c.* ~~For a tax credit claimed against the taxes imposed~~
30 ~~in [chapter 422](#), subchapter II, any tax credit in excess~~
31 ~~of the tax liability is refundable. In lieu of claiming a~~
32 ~~refund, the taxpayer may elect to have the overpayment shown~~
33 ~~on the taxpayer's final, completed return credited to the tax~~
34 ~~liability for the following tax year. For a tax credit claimed~~
35 ~~against the taxes imposed in chapter 422, subchapters III and~~

1 ~~V, and in chapter 432, and against the moneys and credits tax~~
 2 ~~imposed in section 533.329, any~~ Any tax credit in excess of the
 3 taxpayer's liability for the tax year may be credited to the
 4 tax liability for the following three years or until depleted,
 5 whichever is earlier. A tax credit shall not be carried back
 6 to a tax year prior to the tax year in which the taxpayer
 7 redeems the tax credit.

8 Sec. 21. Section 15E.43, subsection 2, paragraph b, Code
 9 2021, is amended by striking the paragraph.

10 Sec. 22. Section 15E.44, subsection 4, Code 2021, is amended
 11 to read as follows:

12 4. After verifying the eligibility of a qualifying
 13 business, the authority shall issue a tax credit certificate
 14 to be included with the equity investor's tax return. The tax
 15 credit certificate shall contain the taxpayer's name, address,
 16 tax identification number, the amount of credit, the name of
 17 the qualifying business, and other information required by the
 18 department of revenue. The tax credit certificate, unless
 19 rescinded by the authority, shall be accepted by the department
 20 of revenue as payment for taxes imposed pursuant to chapter
 21 422, subchapters ~~II, III, and V~~, and in chapter 432, and for
 22 the moneys and credits tax imposed in section 533.329, subject
 23 to any conditions or restrictions placed by the authority upon
 24 the face of the tax credit certificate and subject to the
 25 limitations of section 15E.43.

26 Sec. 23. Section 15E.52, subsection 2, paragraph a, Code
 27 2021, is amended to read as follows:

28 ~~a.~~ A tax credit shall be allowed against the taxes imposed
 29 in chapter 422, subchapters ~~II, III, and V~~, and in chapter
 30 432, and against the moneys and credits tax imposed in section
 31 533.329, for a portion of a taxpayer's equity investment in the
 32 form of cash in an innovation fund.

33 Sec. 24. Section 15E.52, subsection 2, paragraph b, Code
 34 2021, is amended by striking the paragraph.

35 Sec. 25. Section 15E.52, subsection 13, Code 2021, is

1 amended to read as follows:

2 13. The transferee may use the amount of the tax credit
3 transferred against the taxes imposed in chapter 422,
4 subchapters ~~II~~, ~~III~~, and V, and in chapter 432, and against the
5 moneys and credits tax imposed in section 533.329, for any tax
6 year the original transferor could have claimed the tax credit.
7 Any consideration received for the transfer of the tax credit
8 shall not be included as income under chapter 422, subchapters
9 ~~II~~, ~~III~~, and V. Any consideration paid for the transfer of the
10 tax credit shall not be deducted from income under chapter 422,
11 subchapters ~~II~~, ~~III~~, and V.

12 Sec. 26. Section 15E.62, subsection 8, Code 2021, is amended
13 to read as follows:

14 8. "*Tax credit*" means a contingent tax credit issued
15 pursuant to section 15E.66 that is available against tax
16 liabilities imposed by chapter 422, subchapters ~~II~~, ~~III~~, and
17 V, and by chapter 432 and against the moneys and credits tax
18 imposed by section 533.329.

19 Sec. 27. Section 15E.66, subsection 1, Code 2021, is amended
20 to read as follows:

21 1. The board may issue certificates and related tax credits
22 to designated investors which, if redeemed for the maximum
23 possible amount, shall not exceed a total aggregate of sixty
24 million dollars of tax credits. The certificates shall be
25 issued contemporaneously with a commitment to invest in the
26 Iowa fund of funds by a designated investor. A certificate
27 issued by the board shall have a specific maturity date or
28 dates designated by the board and shall be redeemable only in
29 accordance with the contingencies reflected on the certificate
30 or incorporated therein by reference. A certificate and the
31 related tax credit shall be transferable by the designated
32 investor. A tax credit shall not be claimed or redeemed except
33 by a designated investor or transferee in accordance with the
34 terms of a certificate from the board. A tax credit shall not
35 be claimed for a tax year that begins earlier than the maturity

1 date or dates stated on the certificate. ~~An individual may~~
 2 ~~claim the credit of a partnership, limited liability company,~~
 3 ~~S corporation, estate, or trust electing to have the income~~
 4 ~~taxed directly to the individual. The amount claimed by the~~
 5 ~~individual shall be based upon the pro rata share of the~~
 6 ~~individual's earnings from the partnership, limited liability~~
 7 ~~company, S corporation, estate, or trust. Any tax credit in~~
 8 excess of the taxpayer's tax liability for the tax year may be
 9 credited to the tax liability for the following seven years, or
 10 until depleted, whichever is earlier.

11 Sec. 28. Section 15E.305, subsection 1, Code 2021, is
 12 amended to read as follows:

13 1. For tax years beginning on or after January 1, 2003,
 14 a tax credit shall be allowed against the taxes imposed in
 15 chapter 422, subchapters II, III, and V, and in [chapter 432](#),
 16 and against the moneys and credits tax imposed in section
 17 533.329 equal to twenty-five percent of a taxpayer's endowment
 18 gift to an endow Iowa qualified community foundation. ~~An~~
 19 ~~individual may claim a tax credit under [this section](#) of~~
 20 ~~a partnership, limited liability company, S corporation,~~
 21 ~~estate, or trust electing to have income taxed directly to~~
 22 ~~the individual. The amount claimed by the individual shall~~
 23 ~~be based upon the pro rata share of the individual's earnings~~
 24 ~~from the partnership, limited liability company, S corporation,~~
 25 ~~estate, or trust. A tax credit shall be allowed only for~~
 26 an endowment gift made to an endow Iowa qualified community
 27 foundation for a permanent endowment fund established to
 28 benefit a charitable cause in this state. The amount of the
 29 endowment gift for which the tax credit is claimed shall not
 30 be deductible in determining taxable income for state income
 31 tax purposes. Any tax credit in excess of the taxpayer's tax
 32 liability for the tax year may be credited to the tax liability
 33 for the following five years or until depleted, whichever
 34 occurs first. A tax credit shall not be carried back to a tax
 35 year prior to the tax year in which the taxpayer claims the tax

1 credit.

2 Sec. 29. Section 16.64, subsection 2, Code 2021, is amended
3 to read as follows:

4 2. Bonds and notes issued by the authority for purposes of
5 financing the beginning farmer loan program provided in section
6 16.75 are exempt from taxation by the state, and interest
7 earned on the bonds and notes is deductible in determining
8 net income for purposes of the state ~~individual and corporate~~
9 income tax under ~~subchapters II and~~ subchapter III of chapter
10 422.

11 Sec. 30. Section 16.82, subsections 1 and 2, Code 2021, are
12 amended to read as follows:

13 1. A beginning farmer tax credit is authorized under the
14 beginning farmer tax credit program as provided in section
15 16.78. The beginning farmer tax credit is allowed against
16 the taxes imposed in ~~chapter 422, subchapter II~~, as provided
17 in ~~section 422.11E~~, and in ~~chapter 422, subchapter III~~, as
18 provided in ~~section 422.33, subsection 21~~, to facilitate the
19 transfer of agricultural assets from an eligible taxpayer to a
20 qualifying beginning farmer participating in the program.

21 2. ~~An individual may claim a beginning farmer tax credit~~
22 ~~under this section of a partnership, limited liability company,~~
23 ~~S corporation, estate, or trust electing to have income~~
24 ~~taxed directly to the individual. The amount claimed by the~~
25 ~~individual shall be based upon the pro rata share of the~~
26 ~~individual's earnings from the partnership, limited liability~~
27 ~~company, S corporation, estate, or trust.~~

28 Sec. 31. Section 16.82, subsection 8, paragraph b, Code
29 2021, is amended to read as follows:

30 b. A tax credit shall not be transferable ~~to any other~~
31 ~~person other than the eligible taxpayer's estate or trust upon~~
32 ~~the eligible taxpayer's death pursuant to rules adopted by the~~
33 ~~department.~~

34 Sec. 32. Section 28A.24, Code 2021, is amended to read as
35 follows:

1 **28A.24 Exemption from taxation.**

2 Since an authority is performing essential governmental
 3 functions, an authority is not required to pay any taxes or
 4 assessments of any kind or nature upon any property required
 5 or used by it for its purposes, or any rates, fees, rentals,
 6 receipts, or incomes at any time received by it, and the
 7 bonds issued by an authority, their transfer, and the income,
 8 including any profits made on the sale of the bonds, is
 9 deductible in determining net income for the purposes of the
 10 state ~~individual and corporate income tax under chapter 422,~~
 11 ~~subchapters II and subchapter III,~~ and shall not be taxed by
 12 any political subdivision of this state.

13 Sec. 33. Section 29C.24, subsection 3, paragraph a,
 14 subparagraph (3), Code 2021, is amended to read as follows:

15 (3) The imposition of income taxes under chapter 422,
 16 ~~subchapters II and subchapter III,~~ including the requirement
 17 to file tax returns under ~~sections 422.13 through 422.15 or~~
 18 ~~section 422.36, as applicable, and including the requirement~~
 19 ~~to withhold and remit income tax from out-of-state employees~~
 20 ~~under section 422.16.~~ In addition, the performance of disaster
 21 or emergency-related work during a disaster response period
 22 by an out-of-state business or out-of-state employee shall
 23 not require an out-of-state business to be included in a
 24 consolidated return under ~~section 422.37,~~ and shall not
 25 increase the amount of net income of the out-of-state business
 26 allocated and apportioned to the state under ~~section 422.8 or~~
 27 ~~422.33, as applicable.~~

28 Sec. 34. Section 29C.24, subsection 3, paragraph b,
 29 subparagraph (2), Code 2021, is amended by striking the
 30 subparagraph.

31 Sec. 35. Section 35A.13, subsection 2, paragraph b, Code
 32 2021, is amended to read as follows:

33 b. Moneys credited to the fund pursuant to an income tax
 34 checkoff provided in chapter 422, subchapter II, Code 2021, if
 35 applicable.

1 Sec. 36. Section 85.61, subsection 6, paragraph b, Code
2 2021, is amended by striking the paragraph.

3 Sec. 37. Section 96.3, subsection 4, paragraph b, Code 2021,
4 is amended to read as follows:

5 **b.** The maximum weekly benefit amount, if not a multiple
6 of one dollar, shall be rounded to the lower multiple of one
7 dollar. However, until such time as sixty-five percent of
8 the statewide average weekly wage exceeds one hundred ninety
9 dollars, the maximum weekly benefit amounts shall be determined
10 using the statewide average weekly wage computed on the basis
11 of wages reported for calendar year 1981. As used in this
12 section, ~~"dependent" means dependent as defined in section~~
13 ~~422.12, subsection 1, paragraph "a" has the same meaning as~~
14 provided by the Internal Revenue Code, as if the individual
15 claimant was a taxpayer, except that an individual claimant's
16 nonworking spouse shall be deemed to be a dependent under this
17 section. *"Nonworking spouse"* means a spouse who does not earn
18 more than one hundred twenty dollars in gross wages in one
19 week.

20 Sec. 38. Section 99B.8, Code 2021, is amended to read as
21 follows:

22 **99B.8 Tax on prizes.**

23 All prizes awarded pursuant to a gambling activity under
24 this chapter are Iowa earned income and are subject to state
25 and federal income tax laws. ~~A person conducting a game of~~
26 ~~skill, game of chance, bingo, or a raffle shall deduct state~~
27 ~~income taxes, pursuant to section 422.16, subsection 1, from a~~
28 ~~cash prize awarded to an individual. An amount deducted from~~
29 ~~the prize for payment of a state tax shall be remitted to the~~
30 ~~department of revenue on behalf of the prize winner.~~

31 Sec. 39. Section 99D.16, Code 2021, is amended to read as
32 follows:

33 **99D.16 Withholding tax on winnings.**

34 All winnings provided in [section 99D.11](#) are Iowa earned
35 income and are subject to state and federal income tax laws.

1 ~~An amount deducted from winnings for payment of the state tax,~~
2 ~~pursuant to [section 422.16, subsection 1](#), shall be remitted to~~
3 ~~the department of revenue on behalf of the individual who won~~
4 ~~the wager.~~

5 Sec. 40. Section 99F.18, Code 2021, is amended to read as
6 follows:

7 **99F.18 Tax on winnings.**

8 All winnings derived from slot machines operated pursuant to
9 this chapter are Iowa earned income and are subject to state
10 and federal income tax laws. ~~An amount deducted from winnings~~
11 ~~for payment of the state tax, pursuant to [section 422.16,](#)~~
12 ~~subsection 1, shall be remitted to the department of revenue~~
13 ~~on behalf of the winner.~~

14 Sec. 41. Section 99G.31, subsection 2, paragraph i, Code
15 2021, is amended to read as follows:

16 *i.* The proceeds of any lottery prize shall be subject to
17 state and federal income tax laws. ~~An amount deducted from the~~
18 ~~prize for payment of a state tax, pursuant to [section 422.16,](#)~~
19 ~~subsection 1, shall be transferred by the authority to the~~
20 ~~department of revenue on behalf of the prize winner.~~

21 Sec. 42. Section 100B.13, subsection 2, paragraph a, Code
22 2021, is amended to read as follows:

23 *a.* Moneys credited to the fund pursuant to an income tax
24 checkoff provided in [chapter 422, subchapter II, Code 2021](#), if
25 applicable.

26 Sec. 43. Section 173.22, subsection 2, Code 2021, is amended
27 to read as follows:

28 2. A foundation fund is created within the state treasury
29 composed of moneys appropriated or available to and obtained or
30 accepted by the foundation. ~~The foundation fund shall include~~
31 ~~moneys credited to the fund as provided in [section 422.12I.](#)~~

32 Sec. 44. Section 190B.103, Code 2021, is amended to read as
33 follows:

34 **190B.103 From farm to food donation tax credit.**

35 A from farm to food donation tax credit is allowed against

1 the taxes imposed in chapter 422, ~~subchapters II and~~ subchapter
2 III, as provided in this chapter.

3 Sec. 45. Section 216B.3, subsection 15, Code 2021, is
4 amended to read as follows:

5 15. Develop a plan to provide telephone yellow pages
6 information without charge to persons declared to be blind
7 under the standards in section 422.12, subsection 2, paragraph
8 "a", subparagraph (5), Code 2021. The department may apply for
9 federal funds to support the service. The program shall be
10 limited in scope by the availability of funds.

11 Sec. 46. Section 217.39, Code 2021, is amended to read as
12 follows:

13 **217.39 Persecuted victims of World War II — reparations —**
14 **heirs.**

15 Notwithstanding any other law of this state, payments paid
16 to and income from lost property of a victim of persecution for
17 racial, ethnic, or religious reasons by Nazi Germany or any
18 other Axis regime or as an heir of such victim which is exempt
19 from state income tax as provided in section 422.7, subsection
20 35, Code 2021, shall not be considered as income or an asset
21 for determining the eligibility for state or local government
22 benefit or entitlement programs. The proceeds are not subject
23 to recoupment for the receipt of governmental benefits or
24 entitlements, and liens, except liens for child support, are
25 not enforceable against these sums for any reason.

26 Sec. 47. Section 235A.2, subsection 1, Code 2021, is amended
27 to read as follows:

28 1. A child abuse prevention program fund is created in
29 the state treasury under the control of the department of
30 human services. The fund is composed of moneys appropriated
31 or available to and obtained or accepted by the treasurer
32 of state for deposit in the fund. The fund shall include
33 moneys transferred to the fund pursuant to an income tax
34 checkoff provided in chapter 422, subchapter II, Code 2021, if
35 applicable. All interest earned on moneys in the fund shall

1 be credited to and remain in the fund. **Section 8.33** does not
2 apply to moneys in the fund.

3 Sec. 48. Section 257.19, subsection 2, Code 2021, is amended
4 to read as follows:

5 2. Certification of a board's intent to participate for
6 a budget year, the method of funding, and the amount to be
7 raised shall be made to the department of management not later
8 than April 15 of the base year. Funding for the instructional
9 support program shall be obtained from instructional support
10 state aid and from local funding using ~~either an instructional~~
11 ~~support property tax or a combination of an instructional~~
12 ~~support property tax and an instructional support income~~
13 ~~surtax.~~

14 Sec. 49. Section 257.19, subsection 3, Code 2021, is amended
15 by striking the subsection.

16 Sec. 50. Section 257.21, Code 2021, is amended to read as
17 follows:

18 **257.21 Computation of instructional support amount.**

19 ~~1.~~ The department of management shall establish the amount
20 of instructional support property tax to be levied ~~and the~~
21 ~~amount of instructional support income surtax to be imposed~~
22 by a district in accordance with the decision of the board
23 under **section 257.19** for each school year for which the
24 instructional support program is authorized. The department
25 of management shall determine these amounts based upon the
26 most recent figures available for the district's valuation of
27 taxable property, ~~individual state income tax paid,~~ and budget
28 enrollment in the district, and shall certify to the district's
29 county auditor the amount of instructional support property
30 tax, ~~and to the director of revenue the amount of instructional~~
31 ~~support income surtax to be imposed if an instructional support~~
32 ~~income surtax is to be imposed~~ levied.

33 ~~2. The instructional support income surtax shall be imposed~~
34 ~~on the state individual income tax for the calendar year during~~
35 ~~which the school's budget year begins, or for a taxpayer's~~

~~1 fiscal year ending during the second half of that calendar year
2 and after the date the board adopts a resolution to participate
3 in the program or the first half of the succeeding calendar
4 year, and shall be imposed on all individuals residing in the
5 school district on the last day of the applicable tax year.
6 As used in [this section](#), "state individual income tax" means
7 the taxes computed under [section 422.5](#), less the amounts of
8 nonrefundable credits allowed under [chapter 422, subchapter II](#).~~

9 Sec. 51. Section 257.29, subsections 3 and 4, Code 2021, are
10 amended to read as follows:

11 3. The educational improvement program shall be funded
12 by either an educational improvement property tax ~~or by a~~
13 ~~combination of an educational improvement property tax and an~~
14 ~~educational improvement income surtax. The method of raising~~
15 ~~the educational improvement moneys shall be determined by the~~
16 ~~board. Subject to the limitation in [section 298.14](#), if the~~
17 ~~board uses a combination of an educational improvement property~~
18 ~~tax and an educational improvement income surtax, the board~~
19 ~~shall determine the percent of income surtax to be imposed,~~
20 ~~expressed as full percentage points, not to exceed twenty~~
21 ~~percent.~~

22 4. The department of management shall establish the amount
23 of the educational improvement property tax to be levied ~~or~~
24 ~~the amount of the combination of the educational improvement~~
25 ~~property tax to be levied and the amount of the school district~~
26 ~~income surtax to be imposed~~ for each school year that the
27 educational improvement amount is authorized. The educational
28 improvement property tax ~~and income surtax, if an income~~
29 ~~surtax is imposed, shall be levied and imposed, collected,~~
30 and paid to the school district in the manner provided for
31 the instructional support program in ~~sections~~ [section 257.21](#)
32 ~~through 257.26~~. Moneys received by a school district under the
33 educational improvement program are miscellaneous income.

34 Sec. 52. Section 260E.2, subsection 6, Code 2021, is amended
35 to read as follows:

1 6. "Employee" means the person employed in a new job.
2 "Employee" does not include a person who would not be subject
3 to the withholding of Iowa income pursuant to a reciprocal
4 agreement under [section 422.8, subsection 5, Code 2021](#).

5 Sec. 53. Section 260E.5, subsections 2 and 6, Code 2021, are
6 amended to read as follows:

7 2. An amount equal to one and one-half percent of the gross
8 wages paid by the employer to each employee participating in a
9 project shall be credited from the payment made by an employer
10 pursuant to [section 422.16, Code 2021](#). If the amount of the
11 withholding by the employer is less than one and one-half
12 percent of the gross wages paid to the employees covered by the
13 agreement, then the employer shall receive a credit against
14 other withholding taxes due by the employer. The employer
15 shall remit the amount of the credit quarterly in the same
16 manner as withholding payments are reported to the department
17 of revenue, to the community college to be allocated to and
18 when collected paid into a special fund of the community
19 college to pay the principal of and interest on certificates
20 issued by the community college to finance or refinance, in
21 whole or in part, the project. When the principal and interest
22 on the certificates have been paid, the employer credits shall
23 cease and any money received after the certificates have
24 been paid shall be remitted to the treasurer of state to be
25 deposited in the general fund of the state.

26 6. An employee participating in a project will receive full
27 credit for the amount withheld as provided in [section 422.16,](#)
28 [Code 2021](#).

29 Sec. 54. Section 260G.4A, subsections 2 and 5, Code 2021,
30 are amended to read as follows:

31 2. Eligibility for program job credits shall be based on
32 certification of program job positions and program job wages
33 by the employer at the time established in the agreement. An
34 amount up to ten percent of the gross program job wage as
35 certified by the employer in the agreement shall be credited

1 from the total payment made by an employer pursuant to section
 2 422.16, Code 2021. The employer shall receive a credit against
 3 all withholding taxes due by the employer regardless of whether
 4 or not the withholding from the employer of current program
 5 job wages is less than ten percent. The employer shall remit
 6 the amount of the credit quarterly in the same manner as
 7 withholding payments are reported to the department of revenue,
 8 to the community college to be allocated to and when collected
 9 paid into a special fund of the community college to pay, in
 10 part, the program costs. When the program costs have been
 11 paid, the employer credits shall cease and any moneys received
 12 after the program costs have been paid shall be remitted to the
 13 treasurer of state to be deposited in the general fund of the
 14 state.

15 5. Employees from an employer participating in an agreement
 16 shall receive full credit for the amount withheld as provided
 17 in section 422.16, Code 2021.

18 Sec. 55. Section 279.63, subsection 2, paragraph a, Code
 19 2021, is amended to read as follows:

20 a. All property tax levies, ~~income surtaxes~~, and local
 21 option sales taxes in place in the school district, listed by
 22 type of levy, rate, amount, duration, and notification of the
 23 maximum rate and amount limitations permitted by statute.

24 Sec. 56. Section 298.2, subsection 1, paragraph a, Code
 25 2021, is amended to read as follows:

26 a. A physical plant and equipment levy of not exceeding
 27 one dollar and sixty-seven cents per thousand dollars of
 28 assessed valuation in the district is established except as
 29 otherwise provided in this subsection. The physical plant
 30 and equipment levy consists of the regular physical plant
 31 and equipment levy of not exceeding thirty-three cents per
 32 thousand dollars of assessed valuation in the district and
 33 a voter-approved physical plant and equipment levy of not
 34 exceeding one dollar and thirty-four cents per thousand
 35 dollars of assessed valuation in the district. ~~However, the~~

1 ~~voter-approved physical plant and equipment levy may consist~~
 2 ~~of a combination of a physical plant and equipment property~~
 3 ~~tax levy and a physical plant and equipment income surtax as~~
 4 ~~provided in [subsection 4](#) with the maximum amount levied and~~
 5 ~~imposed limited to an amount that could be raised by a one~~
 6 ~~dollar and thirty-four cent property tax levy.~~

7 Sec. 57. Section 298.2, subsection 4, Code 2021, is amended
 8 to read as follows:

9 4. a. The board may on its own motion, and upon the
 10 written request of not less than one hundred eligible electors
 11 or thirty percent of the number of eligible electors voting
 12 at the last regular school election, whichever is greater,
 13 shall, direct the county commissioner of elections to provide
 14 for submitting the proposition of levying the voter-approved
 15 physical plant and equipment levy for a period of time
 16 authorized by the voters at the election, not to exceed ten
 17 years. The election shall be held on a date specified in
 18 section 39.2, subsection 4, paragraph "c". The proposition is
 19 adopted if a majority of those voting on the proposition at the
 20 election approves it. The voter-approved physical plant and
 21 equipment levy shall be funded either by a physical plant and
 22 equipment property tax ~~or by a combination of a physical plant~~
 23 ~~and equipment property tax and a physical plant and equipment~~
 24 ~~income surtax, as determined by the board. However, if the~~
 25 ~~board intends to enter into a rental or lease arrangement under~~
 26 ~~[section 279.26](#), or intends to enter into a loan agreement under~~
 27 ~~[section 297.36](#), only a property tax shall be levied for those~~
 28 ~~purposes. Subject to the limitations of [section 298.14](#), if~~
 29 ~~the board uses a combination of a physical plant and equipment~~
 30 ~~property tax and a physical plant and equipment surtax, for~~
 31 ~~each fiscal year the board shall determine the percent of~~
 32 ~~income surtax to be imposed expressed as full percentage~~
 33 ~~points, not to exceed twenty percent.~~

34 b. ~~If a combination of a property tax and income surtax~~
 35 ~~is used, by April 15 of the previous school year, the board~~

1 ~~shall certify the percent of the income surtax to be imposed~~
 2 ~~and the amount to be raised to the department of management~~
 3 ~~and the department of management shall establish the rate of~~
 4 ~~the property tax and income surtax for the school year. The~~
 5 ~~physical plant and equipment property tax and income surtax~~
 6 ~~shall be levied or imposed, collected, and paid to the school~~
 7 ~~district in the manner provided for the instructional support~~
 8 ~~program in sections section 257.21 through 257.26.~~

9 Sec. 58. Section 403.19A, subsection 3, paragraphs b and i,
 10 Code 2021, are amended to read as follows:

11 *b.* An amount equal to three percent of the gross wages paid
 12 by an employer to each employee under a withholding agreement
 13 shall be credited from the payment made by the employer
 14 pursuant to section 422.16, Code 2021. If the amount of the
 15 withholding by the employer is less than three percent of the
 16 gross wages paid to the employees covered by the withholding
 17 agreement, the employer shall receive a credit against other
 18 withholding taxes due by the employer or may carry the credit
 19 forward for up to ten years or until depleted, whichever is
 20 the earlier. The employer shall remit the amount of the
 21 credit quarterly, in the same manner as withholding payments
 22 are reported to the department of revenue, to the pilot
 23 project city to be allocated to and when collected paid into
 24 a designated withholding project fund for the project. All
 25 amounts so deposited shall be used or pledged by the pilot
 26 project city for a project related to the employer pursuant to
 27 the withholding agreement.

28 *i.* An employee whose wages are subject to a withholding
 29 agreement shall receive full credit for the amount withheld as
 30 provided in section 422.16, Code 2021.

31 Sec. 59. Section 404A.2, subsection 2, Code 2021, is amended
 32 to read as follows:

33 2. The tax credit shall be allowed against the taxes imposed
 34 in chapter 422, subchapters II, III, and V, and in chapter
 35 432. ~~An individual may claim a tax credit under this section~~

~~1 of a partnership, limited liability company, S corporation,
2 estate, or trust electing to have income taxed directly to the
3 individual. For an individual claiming a tax credit of an
4 estate or trust, the amount claimed by the individual shall be
5 based upon the pro rata share of the individual's earnings from
6 the estate or trust. For an individual claiming a tax credit
7 of a partnership, limited liability company, or S corporation,
8 the amount claimed by the partner, member, or shareholder,
9 respectively, shall be based upon the amounts designated by
10 the eligible partnership, S corporation, or limited liability
11 company, as applicable.~~

12 Sec. 60. Section 404A.2, subsection 3, paragraph c, Code
13 2021, is amended to read as follows:

14 c. A tax credit shall not be claimed by a transferee
15 under this section until a replacement tax credit certificate
16 identifying the transferee as the proper holder has been
17 issued. The transferee may use the amount of the tax credit
18 transferred against the taxes imposed in chapter 422,
19 subchapters II, III, and V, and in [chapter 432](#), for any tax
20 year the original transferor could have claimed the tax credit.
21 Any consideration received for the transfer of the tax credit
22 shall not be included as income under chapter 422, subchapters
23 II, III, and V. Any consideration paid for the transfer of the
24 tax credit shall not be deducted from income under chapter 422,
25 subchapters II, III, and V.

26 Sec. 61. Section 404A.2, subsection 5, paragraph c, Code
27 2021, is amended to read as follows:

28 c. The tax credit certificate, unless rescinded by the
29 authority, shall be accepted by the department of revenue as
30 payment for taxes imposed in chapter 422, subchapters II,
31 III, and V, and in [chapter 432](#), subject to any conditions
32 or restrictions placed by the authority or the department of
33 revenue upon the face of the tax credit certificate and subject
34 to the limitations of this program.

35 Sec. 62. Section 404A.2, subsection 6, Code 2021, is amended

1 to read as follows:

2 6. For purposes of the ~~individual and corporate income taxes~~
3 ~~tax~~ and the franchise tax, the increase in the basis of the
4 rehabilitated property that would otherwise result from the
5 qualified rehabilitation expenditures shall be reduced by the
6 amount of the credit computed under this section.

7 Sec. 63. Section 421.27, subsection 2, paragraph c,
8 subparagraph (2), Code 2021, is amended by striking the
9 subparagraph.

10 Sec. 64. Section 421.60, subsection 2, paragraph c,
11 subparagraph (1), Code 2021, is amended to read as follows:

12 (1) If the notice of assessment or denial of a claim for
13 refund relates to a tax return filed pursuant to ~~section 422.14~~
14 ~~or~~ chapter 450 by the taxpayer which designates an individual
15 as an authorized representative of the taxpayer with respect to
16 that return, or if a power of attorney has been filed with the
17 department by the taxpayer which designates an individual as
18 an authorized representative of the taxpayer with respect to
19 any tax that is included in the notice of assessment or denial
20 of a claim for refund, a copy of the notice together with any
21 additional information required to be sent to the taxpayer
22 shall be sent to the authorized representative as well.

23 Sec. 65. Section 422.1, subsection 2, Code 2021, is amended
24 to read as follows:

25 2. Subchapter II ~~Personal net income tax~~ Provisions
26 related to business tax on corporations.

27 Sec. 66. Section 422.11L, subsection 1, unnumbered
28 paragraph 1, Code 2021, is amended to read as follows:

29 The taxes imposed under this subchapter, ~~less the credits~~
30 ~~allowed under section 422.12~~, III shall be reduced by a solar
31 energy system tax credit equal to the sum of the following:

32 Sec. 67. Section 422.11L, subsection 3, paragraph a, Code
33 2021, is amended by striking the paragraph.

34 Sec. 68. Section 422.11O, subsection 2, unnumbered
35 paragraph 1, Code 2021, is amended to read as follows:

1 The taxes imposed under ~~this subchapter, less the credits~~
 2 ~~allowed under section 422.12, III~~ shall be reduced by an
 3 E-85 gasoline promotion tax credit for each tax year that
 4 the taxpayer is eligible to claim the tax credit under this
 5 subsection.

6 Sec. 69. Section 422.11O, subsection 7, Code 2021, is
 7 amended by striking the subsection.

8 Sec. 70. Section 422.11P, subsection 3, unnumbered
 9 paragraph 1, Code 2021, is amended to read as follows:

10 The taxes imposed under ~~this subchapter, less the credits~~
 11 ~~allowed under section 422.12, III~~ shall be reduced by a
 12 biodiesel blended fuel tax credit for each tax year that
 13 the taxpayer is eligible to claim a tax credit under this
 14 subsection.

15 Sec. 71. Section 422.11P, subsection 7, Code 2021, is
 16 amended by striking the subsection.

17 Sec. 72. Section 422.11S, subsection 1, Code 2021, is
 18 amended to read as follows:

19 1. The taxes imposed under ~~this subchapter, less the~~
 20 ~~credits allowed under section 422.12, III~~ shall be reduced by
 21 a school tuition organization tax credit equal to sixty-five
 22 percent of the amount of the voluntary cash or noncash
 23 contributions made by the taxpayer during the tax year to a
 24 school tuition organization, subject to the total dollar value
 25 of the organization's tax credit certificates as computed in
 26 subsection 8. The tax credit shall be claimed by use of a tax
 27 credit certificate as provided in ~~subsection 7~~.

28 Sec. 73. Section 422.11S, subsections 4 and 5, Code 2021,
 29 are amended by striking the subsections.

30 Sec. 74. Section 422.11Y, subsection 3, unnumbered
 31 paragraph 1, Code 2021, is amended to read as follows:

32 The taxes imposed under ~~this subchapter, less the credits~~
 33 ~~allowed under section 422.12, III~~ shall be reduced by the
 34 amount of the E-15 plus gasoline promotion tax credit for each
 35 tax year that the taxpayer is eligible to claim a tax credit

1 under this subsection.

2 Sec. 75. Section 422.11Y, subsection 8, Code 2021, is
3 amended by striking the subsection.

4 Sec. 76. Section 422.15, subsections 2 and 3, Code 2021, are
5 amended by striking the subsections.

6 Sec. 77. Section 422.15, subsection 4, Code 2021, is amended
7 to read as follows:

8 4. Notwithstanding subsections subsection 1, 2, and 3, or
9 any other provision of this chapter, withholding of income
10 tax and any reporting requirement shall not be imposed upon
11 a person, corporation, or withholding agent or any payor of
12 deferred compensation, pensions, or annuities with regard to
13 such payments made to a nonresident of the state.

14 Sec. 78. Section 422.21, Code 2021, is amended by striking
15 the section and inserting in lieu thereof the following:

16 **422.21 Form and time of return.**

17 Returns shall be in the form the director prescribes, and
18 shall be filed with the department on or before the last day
19 of the fourth month after the expiration of the tax year.
20 However, cooperative associations as defined in section 6072(d)
21 of the Internal Revenue Code shall file their returns on or
22 before the fifteenth day of the ninth month following the
23 close of the taxable year and nonprofit corporations subject
24 to the unrelated business income tax imposed by section
25 422.33, subsection 1A, shall file their returns on or before
26 the fifteenth day of the fifth month following the close of
27 the taxable year. If, under the Internal Revenue Code, a
28 corporation is required to file a return covering a tax period
29 of less than twelve months, the state return shall be for the
30 same period and is due forty-five days after the due date of
31 the federal tax return, excluding any extension of time to
32 file. In case of sickness, absence, or other disability, or
33 if good cause exists, the director may allow further time for
34 filing returns. The director shall cause to be prepared blank
35 forms for the returns and shall cause them to be distributed

1 throughout the state and to be furnished upon application,
 2 but failure to receive or secure the form does not relieve
 3 the taxpayer from the obligation of making a return that is
 4 required. The department may as far as consistent with the
 5 Code draft income tax forms to conform to the income tax
 6 forms of the internal revenue department of the United States
 7 government.

8 Sec. 79. Section 422.22, Code 2021, is amended to read as
 9 follows:

10 **422.22 Supplementary returns.**

11 If the director shall be of the opinion that any taxpayer
 12 required under ~~this subchapter III~~ to file a return has
 13 failed to file such a return or to include in a return filed,
 14 either intentionally or through error, items of taxable
 15 income, the director may require from such taxpayer a return
 16 or supplementary return in such form as the director shall
 17 prescribe, of all the items of income which the taxpayer
 18 received during the year for which the return is made, whether
 19 or not taxable under the provisions of ~~this subchapter III~~.
 20 If from a supplementary return, or otherwise, the director
 21 finds that any items of income, taxable under ~~this subchapter~~
 22 ~~III~~, have been omitted from the original return, the director
 23 may require the items so omitted to be added to the original
 24 return. Such supplementary return and the correction of the
 25 original return shall not relieve the taxpayer from any of
 26 the penalties to which the taxpayer may be liable under any
 27 provisions of ~~this subchapter III~~, whether or not the director
 28 required a return or a supplementary return under ~~this section~~.

29 Sec. 80. Section 422.25, subsection 1, paragraph a,
 30 subparagraph (2), Code 2021, is amended to read as follows:

31 (2) "*Federal adjustments report*" means the method or form
 32 required by the department by rule to report final federal
 33 ~~adjustments or final federal partnership adjustments as defined~~
 34 ~~in section 422.25A~~, and in the case of any entity taxed as a
 35 partnership or S corporation for federal income tax purposes,

1 identifies all owners that hold an interest directly in such
 2 entity and provides the effect of the final federal adjustments
 3 on such owner's Iowa income.

4 Sec. 81. Section 422.25, subsection 1, paragraph e,
 5 subparagraph (1), Code 2021, is amended to read as follows:

6 (1) In addition to the applicable period of limitation for
 7 examination and determination in paragraph "b", "c", or "d",
 8 the department may make an examination and determination at any
 9 time within one year from the date of receipt by the department
 10 of a federal adjustments report with respect to a final
 11 federal adjustment ~~or final federal partnership adjustment~~
 12 ~~as defined in section 422.25A~~ for a particular tax year. In
 13 order to begin the running of the one-year period, the federal
 14 adjustments report related to the final federal adjustment ~~or~~
 15 ~~final federal partnership adjustment~~ shall be transmitted to
 16 the department by the taxpayer in the form and manner specified
 17 by the department by rule.

18 Sec. 82. Section 422.32, Code 2021, is amended to read as
 19 follows:

20 **422.32 Definitions.**

21 ~~1.~~ For the purpose of [this subchapter](#) and unless otherwise
 22 required by the context:

23 ~~a.~~ 1. "Affiliated group" means a group of corporations as
 24 defined in section 1504(a) of the Internal Revenue Code.

25 ~~b.~~ 2. a. "Business income" means income arising from
 26 transactions and activity in the regular course of the
 27 taxpayer's trade or business; or income from tangible and
 28 intangible property if the acquisition, management, and
 29 disposition of the property constitute integral parts of the
 30 taxpayer's regular trade or business operations; or gain or
 31 loss resulting from the sale, exchange, or other disposition of
 32 real property or of tangible or intangible personal property,
 33 if the property while owned by the taxpayer was operationally
 34 related to the taxpayer's trade or business carried on in
 35 Iowa or operationally related to sources within Iowa, or the

1 property was operationally related to sources outside this
 2 state and to the taxpayer's trade or business carried on in
 3 Iowa; or gain or loss resulting from the sale, exchange, or
 4 other disposition of stock in another corporation if the
 5 activities of the other corporation were operationally related
 6 to the taxpayer's trade or business carried on in Iowa while
 7 the stock was owned by the taxpayer. A taxpayer may have more
 8 than one regular trade or business in determining whether
 9 income is business income.

10 ~~{1}~~ b. It is the intent of the general assembly to treat as
 11 apportionable business income all income that may be treated
 12 as apportionable business income under the Constitution of the
 13 United States.

14 ~~{2}~~ c. The filing of an Iowa income tax return on a
 15 combined report basis is neither allowed nor required by this
 16 paragraph ~~"b"~~ subsection 2.

17 ~~e.~~ 3. "*Commercial domicile*" means the principal place from
 18 which the trade or business of the taxpayer is directed or
 19 managed.

20 ~~d.~~ 4. "*Corporation*" includes joint stock companies, and
 21 associations organized for pecuniary profit, and partnerships
 22 and limited liability companies taxed as corporations under the
 23 Internal Revenue Code.

24 ~~e.~~ 5. "*Domestic corporation*" means any corporation
 25 organized under the laws of this state.

26 6. "*Fiduciary*" means a guardian, trustee, executor,
 27 administrator, receiver, conservator, or any person, whether
 28 individual or corporate, acting in any fiduciary capacity for
 29 any person, trust, or estate.

30 7. "*Fiscal year*" means an accounting period of twelve
 31 months, ending on the last day of any month other than
 32 December.

33 ~~f.~~ 8. "*Foreign corporation*" means any corporation other
 34 than a domestic corporation.

35 9. "*Foreign country*" means any jurisdiction other than one

1 embraced within the United States. The words "United States",
 2 when used in a geographical sense, include the states, the
 3 District of Columbia, and the possessions of the United States.

4 ~~9.~~ 10. "Income from sources within this state" means income
 5 from real, tangible, or intangible property located or having
 6 a situs in this state.

7 11. "Income year" means the calendar year or the fiscal year
 8 upon the basis of which the net income is computed under this
 9 subchapter.

10 12. "Individual" means a natural person.

11 ~~h.~~ 13. "Internal Revenue Code" means one of the following:

12 ~~{1}~~ a. For tax years beginning during the 2019 calendar
 13 year, "Internal Revenue Code" means the Internal Revenue Code of
 14 1954, prior to the date of its redesignation as the Internal
 15 Revenue Code of 1986 by the Tax Reform Act of 1986, or means
 16 the Internal Revenue Code of 1986 as amended and in effect on
 17 March 24, 2018. This definition shall not be construed to
 18 include any amendment to the Internal Revenue Code enacted
 19 after the date specified in the preceding sentence, including
 20 any amendment with retroactive applicability or effectiveness.

21 ~~{2}~~ b. For tax years beginning on or after January 1,
 22 2020, "Internal Revenue Code" means the Internal Revenue Code of
 23 1954, prior to the date of its redesignation as the Internal
 24 Revenue Code of 1986 by the Tax Reform Act of 1986, or means the
 25 Internal Revenue Code of 1986, as amended.

26 ~~i.~~ 14. "Nonbusiness income" means all income other than
 27 business income.

28 15. "Paid", for the purposes of the deductions under this
 29 subchapter, means "paid or accrued" or "paid or incurred", and
 30 the terms "paid or incurred" and "paid or accrued" shall be
 31 construed according to the method of accounting upon the basis
 32 of which the net income is computed under this subchapter.

33 The term "received", for the purpose of the computation of net
 34 income under this subchapter, means "received or accrued", and
 35 the term "received or accrued" shall be construed according to

1 the method of accounting upon the basis of which the net income
 2 is computed under this subchapter.

3 16. "Resident" applies only to individuals and includes,
 4 for the purpose of determining liability to the tax imposed by
 5 this subchapter upon or with reference to the income of any
 6 tax year, any individual domiciled in the state, and any other
 7 individual who maintains a permanent place of abode within the
 8 state.

9 ~~j.~~ 17. "State" means any state of the United States, the
 10 District of Columbia, the Commonwealth of Puerto Rico, any
 11 territory or possession of the United States, and any foreign
 12 country or political subdivision thereof.

13 18. a. "Tax year" means the calendar year, or the fiscal
 14 year ending during such calendar year, upon the basis of which
 15 the net income is computed under this subchapter.

16 b. If a taxpayer has made the election provided by section
 17 441(f) of the Internal Revenue Code, "tax year" means the annual
 18 period so elected, varying from fifty-two to fifty-three weeks.

19 c. If the effective date or the applicability of a provision
 20 of this subchapter is expressed in terms of a tax year
 21 beginning, including, or ending with reference to a specified
 22 date which is the first or last day of a month, a tax year
 23 described in paragraph "a" of this subsection shall be treated
 24 as beginning with the first day of the calendar month beginning
 25 nearest to the first day of the tax year or as ending with the
 26 last day of the calendar month ending nearest to the last day
 27 of the tax year.

28 ~~k.~~ 19. "Taxable in another state". For purposes of
 29 allocation and apportionment of income under this subchapter, a
 30 taxpayer is "taxable in another state" if:

31 ~~(1)~~ a. In that state the taxpayer is subject to a net
 32 income tax, a franchise tax measured by net income, a franchise
 33 tax for the privilege of doing business, or a corporate stock
 34 tax; or

35 ~~(2)~~ b. That state has jurisdiction to subject the taxpayer

1 to a net income tax regardless of whether, in fact, the state
2 does or does not.

3 ~~1.~~ 20. "*Unitary business*" means a business carried on
4 partly within and partly without a state where the portion
5 of the business carried on within the state depends on or
6 contributes to the business outside the state.

7 ~~2. The words, terms, and phrases defined in section 422.4,~~
8 ~~subsections 4, 5, 6, 8, 9, 13, 15, 16, and 17, when used in this~~
9 ~~subchapter, shall have the meanings ascribed to them in section~~
10 ~~422.4, except where the context clearly indicates a different~~
11 ~~meaning.~~

12 Sec. 83. Section 422.35, subsection 2, Code 2021, is amended
13 to read as follows:

14 2. Add interest and dividends from foreign securities, from
15 securities of state and other political subdivisions, and from
16 regulated investment companies exempt from federal income tax
17 under the Internal Revenue Code, except for those securities
18 the interest and dividends from which are exempt from taxation
19 by the state of Iowa as otherwise provided by law, including
20 those set forth in section 422.7, subsection 2.:

21 a. School infrastructure program bonds pursuant to section
22 12.81, subsection 8.

23 b. Iowa jobs program revenue bonds pursuant to section
24 12.87, subsection 8.

25 c. Iowa utility board and Iowa consumer advocate building
26 project bonds pursuant to section 12.91, subsection 9.

27 d. Iowa finance authority beginning farmer loan program
28 bonds pursuant to section 16.64, subsection 2.

29 e. Water pollution control works and drinking facilities
30 financing program bonds pursuant to section 16.131, subsection
31 5.

32 f. Iowa prison infrastructure revenue bonds pursuant to
33 section 12.80, subsection 3, and section 16.177, subsection 8.

34 g. Quad cities interstate metropolitan authority bonds
35 pursuant to section 28A.24.

- 1 h. Iowa finance authority E911 program bonds pursuant to
- 2 section 34A.20, subsection 6.
- 3 i. Soil and water conservation subdistrict bonds pursuant
- 4 to section 161A.22.
- 5 j. Community college residence hall and dormitory bonds
- 6 pursuant to section 260C.61.
- 7 k. Community college bond program bonds pursuant to section
- 8 260C.71, subsection 6.
- 9 l. Higher education loan authority bonds pursuant to section
- 10 261A.27.
- 11 m. State board of regents bonds pursuant to sections 262.41,
- 12 262.51, 262.60, 262A.8, and 263A.6.
- 13 n. Interstate bridges bonds pursuant to section 313A.36.
- 14 o. Aviation authority bonds pursuant to section 330A.16.
- 15 p. County health center bonds pursuant to section 331.441,
- 16 subsection 2, paragraph "c", subparagraph (7).
- 17 q. Rural water district bonds pursuant to section 357A.15.
- 18 r. Urban renewal bonds pursuant to section 403.9, subsection
- 19 2.
- 20 s. Municipal housing project bonds pursuant to section
- 21 403A.12.
- 22 t. Comprehensive petroleum underground storage tank fund
- 23 bonds pursuant to section 455G.6, subsection 14.

24 Sec. 84. Section 422.39, Code 2021, is amended to read as
25 follows:

26 **422.39 Statutes applicable to corporations and corporation**
27 **tax.**

28 All the provisions of sections 422.24 through ~~422.27~~ 422.26
29 of **subchapter II**, respecting payment, collection, reporting,
30 examination, and assessment, shall apply in respect to a
31 corporation subject to the provisions of **this subchapter** and
32 to the tax due and payable by a corporation taxable under this
33 subchapter. ~~This includes but is not limited to a corporation~~
34 ~~that is a pass-through entity as defined in section 422.25A.~~

35 Sec. 85. Section 422.73, subsections 2, 3, and 4, Code 2021,

1 are amended to read as follows:

2 2. *a.* If it appears that an amount of tax, penalty, or
 3 interest has been paid which was not due under subchapter ~~II~~,
 4 ~~III~~ or ~~V~~ of this chapter, then that amount shall be credited
 5 against any tax due on the books of the department by the
 6 person who made the excessive payment, or that amount shall be
 7 refunded to the person or with the person's approval, credited
 8 to tax to become due. A claim for refund or credit that has
 9 not been filed with the department within three years after
 10 the return upon which a refund or credit claimed became due,
 11 or within one year after the payment of the tax upon which a
 12 refund or credit is claimed was made, whichever time is the
 13 later, shall not be allowed by the director. If, as a result of
 14 a carryback of a net operating loss or a net capital loss, the
 15 amount of tax in a prior period is reduced and an overpayment
 16 results, the claim for refund or credit of the overpayment
 17 shall be filed with the department within the three years after
 18 the return for the taxable year of the net operating loss or
 19 net capital loss became due.

20 *b.* Notwithstanding the period of limitation specified in
 21 paragraph "a", the taxpayer shall have one year from the final
 22 determination date of any final federal adjustment arising from
 23 an internal revenue service audit or other similar action by
 24 the internal revenue service with respect to the particular tax
 25 year to claim an income tax refund or credit arising from that
 26 final federal adjustment.

27 ~~3. Notwithstanding subsection 2, a claim for refund or~~
 28 ~~credit of the individual income tax paid which resulted from a~~
 29 ~~reduction in a person's federal adjusted gross income due to~~
 30 ~~section 1106 of the FAA Modernization and Reform Act of 2012,~~
 31 ~~Pub. L. No. 112-95, shall be considered timely if the claim is~~
 32 ~~filed with the department on or before June 30, 2013.~~

33 ~~4. The department shall enter into an agreement with the~~
 34 ~~internal revenue service for the transmission of federal~~
 35 ~~income tax reports on individuals required to file an Iowa~~

1 ~~income tax return who have been involved in an income tax~~
 2 ~~matter with the internal revenue service. After the final~~
 3 ~~determination date of the income tax matter that involves a~~
 4 ~~final federal adjustment between the taxpayer and the internal~~
 5 ~~revenue service, the department shall determine whether the~~
 6 ~~individual is due a state income tax refund as a result of that~~
 7 ~~final federal adjustment from such income tax matter. If the~~
 8 ~~individual is due a state income tax refund, the department~~
 9 ~~shall notify the individual within thirty days and request~~
 10 ~~the individual to file a claim for refund or credit with the~~
 11 ~~department.~~

12 Sec. 86. Section 422.110, Code 2021, is amended to read as
 13 follows:

14 **422.110 Income tax credit in lieu of refund.**

15 1. In lieu of the fuel tax refund provided in section
 16 452A.17, a ~~person or~~ corporation subject to taxation under
 17 subchapter ~~II or~~ **III of this chapter** may elect to receive an
 18 income tax credit. The ~~person or~~ corporation which elects to
 19 receive an income tax credit shall cancel its refund permit
 20 obtained under **section 452A.18** within thirty days after the
 21 first day of its tax year or the permit becomes invalid at that
 22 time. For the purposes of **this section**, ~~"person" includes a~~
 23 ~~person claiming a tax credit based upon the person's pro rata~~
 24 ~~share of the earnings from a partnership, limited liability~~
 25 ~~company, or corporation which is not subject to a tax under~~
 26 ~~subchapter II or III of this chapter as a partnership, limited~~
 27 ~~liability company, or corporation~~ "corporation" means the same
 28 as defined in section 422.32. If the election to receive
 29 an income tax credit has been made, it remains effective for
 30 at least one tax year, and for subsequent tax years unless
 31 a change is requested and a new refund permit applied for
 32 within thirty days after the first day of the ~~person's or~~
 33 ~~corporation's~~ tax year. The income tax credit shall be the
 34 amount of the Iowa fuel tax paid on fuel purchased by the
 35 ~~person or~~ corporation and is subject to the conditions provided

1 in [section 452A.17](#) with the exception that the income tax
 2 credit is not available for refunds relating to casualty
 3 losses, transport diversions, pumping credits, blending
 4 errors, idle time, power takeoffs, reefer units, and exports by
 5 distributors.

6 2. The right to a credit under [this section](#) is not
 7 assignable and the credit may be claimed only by the ~~person or~~
 8 corporation that purchased the fuel.

9 Sec. 87. Section 422D.1, Code 2021, is amended to read as
 10 follows:

11 **422D.1 Authorization — election — imposition and repeal —**
 12 **use of revenues.**

13 1. *a.* A county board of supervisors may offer for voter
 14 approval ~~any of the following taxes or a combination of the~~
 15 ~~following taxes:~~

16 ~~(1) Local option income surtax.~~

17 ~~(2) An an ad valorem property tax.~~

18 *b.* Revenues generated from ~~these taxes~~ the ad valorem
 19 property tax shall be used for emergency medical services as
 20 provided in [section 422D.6](#).

21 2. *a.* ~~The taxes property tax for emergency medical services~~
 22 shall only be imposed after an election at which a majority of
 23 those voting on the question of imposing the tax ~~or combination~~
 24 ~~of taxes specified in [subsection 1](#), paragraph "a", subparagraph~~
 25 ~~(1) or (2),~~ vote in favor of the question. However, the tax
 26 ~~or combination of taxes specified in [subsection 1](#)~~ shall not
 27 be imposed on property within ~~or on residents of~~ a benefited
 28 emergency medical services district under [chapter 357F](#). The
 29 question of imposing the tax ~~or combination of the taxes~~ may
 30 be submitted at the regular city election, a special election,
 31 or the general election. Notice of the question shall be
 32 provided by publication at least sixty days before the time of
 33 the election and shall identify ~~the tax or combination of taxes~~
 34 ~~and the levy rate or rates, as applicable.~~ If a majority of
 35 those voting on the question approve the imposition of the tax

1 ~~or combination of taxes, the tax or combination of taxes shall~~
 2 ~~be imposed as follows:~~

3 ~~(1) A local option income surtax shall be imposed for tax~~
 4 ~~years beginning on or after January 1 of the fiscal year in~~
 5 ~~which the favorable election was held.~~

6 ~~(2) An ad valorem property tax shall be imposed levied for~~
 7 ~~the fiscal year in which the election was held.~~

8 ~~b. Before a county imposes an income surtax as specified~~
 9 ~~in subsection 1, paragraph "a", subparagraph (1), a benefited~~
 10 ~~emergency medical services district in the county shall be~~
 11 ~~dissolved, and the county shall be liable for the outstanding~~
 12 ~~obligations of the benefited district. If the benefited~~
 13 ~~district extends into more than one county, the county imposing~~
 14 ~~the income surtax shall be liable for only that portion of the~~
 15 ~~obligations relating to the portion of the benefited district~~
 16 ~~in the county.~~

17 3. Revenues received by the county from the ~~taxes imposed~~
 18 tax levied under this chapter shall be deposited into the
 19 emergency medical services trust fund created pursuant to
 20 section 422D.6 and shall be used as provided in that section.

21 4. Any tax ~~or combination of taxes imposed~~ levied under this
 22 chapter shall be for a maximum period of five years.

23 Sec. 88. Section 423.14A, subsection 3, paragraph e,
 24 subparagraph (2), subparagraph division (c), subparagraph
 25 subdivision (ii), Code 2021, is amended to read as follows:

26 (ii) "*Resident*" includes an individual who is a resident
 27 of this state, as defined in ~~section 422.4~~ 422.32, and any
 28 business that owns any tangible or intangible property with
 29 a situs in this state, or that has one or more employees
 30 performing or providing services for the business in this
 31 state.

32 Sec. 89. Section 425.17, subsection 7, Code 2021, is amended
 33 to read as follows:

34 7. "*Income*" means the sum of Iowa net income as defined
 35 in section 422.7, Code 2021, plus all of the following to

1 the extent not already included in Iowa net income: capital
 2 gains, alimony, child support money, cash public assistance
 3 and relief, except property tax relief granted under this
 4 subchapter, amount of in-kind assistance for housing expenses,
 5 the gross amount of any pension or annuity, including but not
 6 limited to railroad retirement benefits, payments received
 7 under the federal Social Security Act, except child insurance
 8 benefits received by a member of the claimant's household, and
 9 all military retirement and veterans' disability pensions,
 10 interest received from the state or federal government or
 11 any of its instrumentalities, workers' compensation and the
 12 gross amount of disability income or "loss of time" insurance.
 13 "Income" does not include gifts from nongovernmental sources,
 14 or surplus foods or other relief in kind supplied by a
 15 governmental agency. In determining income, net operating
 16 losses and net capital losses shall not be considered.

17 Sec. 90. Section 425.23, subsection 4, paragraph b, Code
 18 2021, is amended to read as follows:

19 b. The annual adjustment factor for the 1998 base year is
 20 one hundred percent. For each subsequent base year, the annual
 21 adjustment factor equals the annual inflation factor for the
 22 calendar year, in which the base year begins, as computed in
 23 section 422.4 ~~for purposes of the individual income tax, Code~~
 24 2021.

25 Sec. 91. Section 476.20, subsection 2, Code 2021, is amended
 26 to read as follows:

27 2. The board shall establish rules requiring a regulated
 28 public utility furnishing gas or electricity to include in
 29 the utility's notice of pending disconnection of service a
 30 written statement advising the customer that the customer
 31 may be eligible to participate in the low income home energy
 32 assistance program or weatherization assistance program
 33 administered by the division of community action agencies of
 34 the department of human rights. The written statement shall
 35 list the address and telephone number of the local agency

1 which is administering the customer's low income home energy
 2 assistance program and the weatherization assistance program.
 3 The written statement shall also state that the customer
 4 is advised to contact the public utility to settle any of
 5 the customer's complaints with the public utility, but if a
 6 complaint is not settled to the customer's satisfaction, the
 7 customer may file the complaint with the board. The written
 8 statement shall include the address and phone number of the
 9 board. If the notice of pending disconnection of service
 10 applies to a residence, the written statement shall advise
 11 that the disconnection does not apply from November 1 through
 12 April 1 for a resident who is a ~~"head of household", as~~
 13 ~~defined in section 422.4,~~ head of household and who has been
 14 certified to the public utility by the local agency which is
 15 administering the low income home energy assistance program and
 16 weatherization assistance program as being eligible for either
 17 the low income home energy assistance program or weatherization
 18 assistance program, and that if such a resident resides within
 19 the serviced residence, the customer should promptly have
 20 the qualifying resident notify the local agency which is
 21 administering the low income home energy assistance program and
 22 weatherization assistance program. The board shall establish
 23 rules requiring that the written notice contain additional
 24 information as it deems necessary and appropriate.

25 Sec. 92. Section 476.20, subsection 3, paragraph b, Code
 26 2021, is amended to read as follows:

27 b. A qualified applicant for the low income home energy
 28 assistance program or the weatherization assistance program who
 29 is also a ~~"head of household", as defined in section 422.4,~~
 30 ~~subsection 7,~~ head of household shall be promptly certified
 31 by the local agency administering the applicant's program to
 32 the applicant's public utility that the resident is a ~~"head~~
 33 ~~of household" as defined in section 422.4, subsection 7,~~ head
 34 of household and is qualified for the low income home energy
 35 assistance program or weatherization assistance program.

1 Notwithstanding [subsection 1](#), a public utility furnishing gas
 2 or electricity shall not disconnect service from November 1
 3 through April 1 to a residence which has a resident that has
 4 been certified under this paragraph. For purposes of this
 5 section, "head of household" has the same meaning as provided
 6 by the Internal Revenue Code.

7 Sec. 93. Section 476B.2, Code 2021, is amended to read as
 8 follows:

9 **476B.2 General rule.**

10 The owner of a qualified facility shall, for each
 11 kilowatt-hour of qualified electricity that the owner sells
 12 or uses for on-site consumption during the ten-year period
 13 beginning on the date the qualified facility was originally
 14 placed in service, be allowed a wind energy production tax
 15 credit to the extent provided in [this chapter](#) against the tax
 16 imposed in [chapter 422, subchapters II, III, and V](#), and chapter
 17 432, and may claim a refund of tax imposed by [chapter 423](#) or
 18 437A for any tax year within the time period set forth in
 19 section 423.47 or [437A.14](#).

20 Sec. 94. Section 476B.6, subsection 5, paragraphs a, b, and
 21 c, Code 2021, are amended to read as follows:

22 a. If the tax credit application is filed by a partnership,
 23 limited liability company, S corporation, estate, trust, or
 24 other reporting entity all of the income of which is taxed
 25 directly to its equity holders or beneficiaries, for the taxes
 26 imposed under [chapter 422, subchapter II or III](#), the tax credit
 27 certificate shall be issued directly to equity holders or
 28 beneficiaries of the applicant in proportion to their pro rata
 29 share of the income of such entity. The applicant shall, in
 30 the application made under [this section](#), identify its equity
 31 holders or beneficiaries, and the percentage of such entity's
 32 income that is allocable to each equity holder or beneficiary.

33 b. If the tax credit applicant under [this section](#) is
 34 eligible to receive renewable electricity production credits
 35 authorized under section 45 of the Internal Revenue Code,

1 as amended, and the tax credit applicant is a partnership,
2 limited liability company, S corporation, estate, trust, or
3 other reporting entity all of the income of which is taxed
4 directly to its equity holders or beneficiaries, for the taxes
5 imposed under chapter 422, subchapter ~~II~~ or III, the tax credit
6 certificate may be issued to a partner if the business is a
7 partnership, a shareholder if the business is an S corporation,
8 or a member if the business is a limited liability company
9 in the amounts designated by the eligible partnership, S
10 corporation, or limited liability company. In absence of
11 such designation, the credits under this section shall flow
12 through to the partners, shareholders, or members in accordance
13 with their pro rata share of the income of the entity. The
14 applicant shall, in the application made under this section,
15 identify the holders or beneficiaries that are to receive the
16 tax credit certificates and the percentage of the tax credit
17 that is allocable to each holder or beneficiary.

18 c. If an applicant under this section is eligible to
19 receive renewable electricity production credits authorized
20 under section 45 of the Internal Revenue Code, as amended, and
21 the tax credit applicant is a partnership, limited liability
22 company, S corporation, estate, trust, or other reporting
23 entity all of the income of which is taxed directly to its
24 equity holders or beneficiaries, for the taxes imposed under
25 chapter 422, subchapter ~~II~~ or III, the tax credit certificates
26 and all future rights to the tax credit in this section may be
27 distributed to an equity holder or beneficiary as a liquidating
28 distribution or portion thereof, of a holder or beneficiary's
29 interest in the applicant entity. The applicant shall, in the
30 application made under this section, designate the percentage
31 of the tax credit allocable to the liquidating equity holder
32 or beneficiary that is to receive the current and future tax
33 credit certificates under this section.

34 Sec. 95. Section 476B.7, subsection 2, Code 2021, is amended
35 to read as follows:

1 2. The tax credit shall be freely transferable. The
 2 transferee may use the amount of the tax credit transferred
 3 against the taxes imposed under chapter 422, subchapters ~~II~~,
 4 ~~III~~, and V, and chapter 432 for any tax year the original
 5 transferor could have claimed the tax credit. The transferee
 6 may claim a refund under chapter 423 or 437A for any tax year
 7 within the time period set forth in section 423.47 or 437A.14
 8 for which the original transferor could have claimed a refund.
 9 Any consideration received for the transfer of the tax credit
 10 shall not be included as income under chapter 422, subchapters
 11 ~~II~~, ~~III~~, and V. Any consideration paid for the transfer of the
 12 tax credit shall not be deducted from income under chapter 422,
 13 subchapters ~~II~~, ~~III~~, and V.

14 Sec. 96. Section 476C.4, subsection 4, paragraph a, Code
 15 2021, is amended to read as follows:

16 a. If the tax credit application is filed by a partnership,
 17 limited liability company, S corporation, estate, trust, or
 18 other reporting entity all of the income of which is taxed
 19 directly to its equity holders or beneficiaries, for the taxes
 20 imposed under chapter 422, subchapter ~~II~~ or ~~III~~, the tax credit
 21 certificate shall be issued directly to equity holders or
 22 beneficiaries of the applicant in proportion to their pro rata
 23 share of the income of such entity. The applicant shall, in
 24 the application made under this section, identify its equity
 25 holders or beneficiaries, and the percentage of such entity's
 26 income that is allocable to each equity holder or beneficiary.

27 Sec. 97. Section 476C.4, subsection 4, paragraph b,
 28 subparagraph (1), Code 2021, is amended to read as follows:

29 (1) If the tax credit applicant under this section is
 30 eligible to receive renewable electricity production credits
 31 authorized under section 45 of the Internal Revenue Code,
 32 as amended, and the tax credit applicant is a partnership,
 33 limited liability company, S corporation, estate, trust, or
 34 other reporting entity all of the income of which is taxed
 35 directly to its equity holders or beneficiaries, for the taxes

1 imposed under [chapter 422, subchapter ~~II~~ or III](#), the tax credit
 2 certificate may be issued to a partner if the business is a
 3 partnership, a shareholder if the business is an S corporation,
 4 or a member if the business is a limited liability company
 5 in the amounts designated by the eligible partnership, S
 6 corporation, or limited liability company. In absence of such
 7 designation, the credits under [this section](#) shall flow through
 8 to the partners, shareholders, or members in accordance with
 9 their pro rata share of the income of the entity.

10 Sec. 98. Section 476C.4, subsection 4, paragraph c,
 11 subparagraph (1), Code 2021, is amended to read as follows:

12 (1) If an applicant under [this section](#) is eligible to
 13 receive renewable electricity production credits authorized
 14 under section 45 of the Internal Revenue Code, as amended, and
 15 the tax credit applicant is a partnership, limited liability
 16 company, S corporation, estate, trust, or other reporting
 17 entity all of the income of which is taxed directly to its
 18 equity holders or beneficiaries, for the taxes imposed under
 19 [chapter 422, subchapter ~~II~~ or III](#), the tax credit certificates
 20 and all future rights to the tax credit in [this section](#) may be
 21 distributed to an equity holder or beneficiary as a liquidating
 22 distribution or portion thereof, of a holder or beneficiary's
 23 interest in the applicant entity.

24 Sec. 99. Section 476C.6, subsection 1, paragraph b, Code
 25 2021, is amended to read as follows:

26 *b.* The transferee may use the amount of the tax credit
 27 transferred against taxes imposed under [chapter 422](#),
 28 [subchapters ~~II~~, ~~III~~, and V](#), and [chapter 432](#) for any tax year
 29 the original transferor could have claimed the tax credit. The
 30 transferee may claim a refund under [chapter 423](#) or [437A](#) for any
 31 tax year within the time period set forth in [section 423.47](#) or
 32 [437A.14](#) for which the original transferor could have claimed
 33 the refund. Any consideration received for the transfer of the
 34 tax credit shall not be included as income under [chapter 422](#),
 35 [subchapters ~~II~~, ~~III~~, and V](#). Any consideration paid for the

1 transfer of the tax credit shall not be deducted from income
2 under [chapter 422, subchapters II, III, and V](#).

3 Sec. 100. Section 483A.1A, subsection 10, paragraph
4 e, subparagraph (1), Code 2021, is amended by striking the
5 subparagraph.

6 Sec. 101. Section 541A.2, subsection 6, unnumbered
7 paragraph 1, Code 2021, is amended to read as follows:

8 An individual development account closed in accordance
9 with [this subsection](#) is not subject to the limitations and
10 benefits provided by [this chapter](#) but is subject to state tax
11 in accordance with ~~the provisions of section 422.7, subsection~~
12 ~~28, and~~ [section 450.4, subsection 6](#). An individual development
13 account may be closed for any of the following reasons:

14 Sec. 102. Section 541A.3, subsection 2, Code 2021, is
15 amended by striking the subsection.

16 Sec. 103. Section 541B.2, subsection 10, Code 2021, is
17 amended to read as follows:

18 10. "*Resident*" means the same as defined in section ~~422.4~~
19 [422.32](#).

20 Sec. 104. Section 633.479, subsection 2, paragraph a,
21 subparagraph (5), Code 2021, is amended to read as follows:

22 (5) Compliance with ~~sections~~ [section 422.27](#), [Code 2021](#), and
23 [section 450.58](#) have been fulfilled.

24 Sec. 105. Section 635.7, subsection 1, Code 2021, is amended
25 to read as follows:

26 1. The personal representative is required to file the
27 report and inventory for which provision is made in section
28 633.361, including all probate and nonprobate assets. This
29 chapter does not exempt the personal representative from
30 complying with the requirements of [section 422.27](#), [Code 2021](#),
31 [450.22](#), [450.58](#), [633.480](#), or [633.481](#), and the administration of
32 an estate whether converted to or from a small estate shall be
33 considered one proceeding pursuant to [section 633.330](#).

34 Sec. 106. Section 904.809, subsection 5, paragraph a,
35 subparagraph (2), Code 2021, is amended to read as follows:

1 (2) The inmate's employer shall provide each employed
2 inmate with ~~the withholding statement required under section~~
3 ~~422.16,~~ and any other employment information necessary for the
4 receipt of the remainder of an inmate's payroll earnings.

5 Sec. 107. REPEAL. Sections 99B.8, 99D.16, 99F.18,
6 190B.105, 257.22 through 257.26, 298.14, 422.4 through 422.11F,
7 422.11H, 422.11J, 422.11Q, 422.11R, 422.11V, 422.11W, 422.11Z,
8 422.12, 422.12A through 422.12E, 422.12G, 422.12H, 422.12I,
9 422.12K, 422.12N, 422.13, 422.14, 422.16, 422.17, 422.19,
10 422.23, 422.25A, 422.25B, 422.25C, 422.27, 422.31, 422D.2
11 through 422D.4, 456A.16, 541B.6, Code 2021, are repealed.

12 Sec. 108. EFFECTIVE DATE. This division of this Act takes
13 effect January 1, 2023.

14 Sec. 109. APPLICABILITY. This division of this Act applies
15 to tax years beginning on or after January 1, 2023.

16 DIVISION II

17 SALES AND USE TAX

18 Sec. 110. Section 423.2, subsection 1, unnumbered paragraph
19 1, Code 2021, is amended to read as follows:

20 There is imposed a tax of ~~six~~ eleven percent upon the sales
21 price of all sales of tangible personal property, consisting
22 of goods, wares, or merchandise, sold at retail in the state
23 to consumers or users except as otherwise provided in this
24 subchapter.

25 Sec. 111. Section 423.2, subsections 2 and 3, Code 2021, are
26 amended to read as follows:

27 2. A tax of ~~six~~ eleven percent is imposed upon the sales
28 price of the sale or furnishing of gas, electricity, water,
29 heat, pay television service, and communication service,
30 including the sales price from such sales by any municipal
31 corporation or joint water utility furnishing gas, electricity,
32 water, heat, pay television service, and communication service
33 to the public in its proprietary capacity, except as otherwise
34 provided in this subchapter, when sold at retail in the state
35 to consumers or users.

1 3. A tax of ~~six~~ eleven percent is imposed upon the
 2 sales price of all sales of tickets or admissions to places
 3 of amusement, fairs, and athletic events except those of
 4 elementary and secondary educational institutions. A tax
 5 of ~~six~~ eleven percent is imposed on the sales price of an
 6 entry fee or like charge imposed solely for the privilege of
 7 participating in an activity at a place of amusement, fair, or
 8 athletic event unless the sales price of tickets or admissions
 9 charges for observing the same activity are taxable under this
 10 subchapter. A tax of ~~six~~ eleven percent is imposed upon that
 11 part of private club membership fees or charges paid for the
 12 privilege of participating in any athletic sports provided club
 13 members.

14 Sec. 112. Section 423.2, subsection 4, paragraph a, Code
 15 2021, is amended to read as follows:

16 a. A tax of ~~six~~ eleven percent is imposed upon the sales
 17 price derived from the operation of all forms of amusement
 18 devices and games of skill, games of chance, raffles, and bingo
 19 games as defined in [chapter 99B](#), and card game tournaments
 20 conducted under [section 99B.27](#), that are operated or conducted
 21 within the state, the tax to be collected from the operator in
 22 the same manner as for the collection of taxes upon the sales
 23 price of tickets or admission as provided in [this section](#).
 24 Nothing in [this subsection](#) shall legalize any games of skill
 25 or chance or slot-operated devices which are now prohibited by
 26 law.

27 Sec. 113. Section 423.2, subsection 5, Code 2021, is amended
 28 to read as follows:

29 5. There is imposed a tax of ~~six~~ eleven percent upon the
 30 sales price from the furnishing of services as defined in
 31 section 423.1.

32 Sec. 114. Section 423.2, subsection 7, paragraph a,
 33 unnumbered paragraph 1, Code 2021, is amended to read as
 34 follows:

35 A tax of ~~six~~ eleven percent is imposed upon the sales

1 price from the sales, furnishing, or service of solid waste
2 collection and disposal service.

3 Sec. 115. Section 423.2, subsection 8, paragraph a, Code
4 2021, is amended to read as follows:

5 a. A tax of ~~six~~ eleven percent is imposed on the sales
6 price from sales of bundled transactions. For the purposes of
7 this subsection, a "*bundled transaction*" is the retail sale of
8 two or more distinct and identifiable products, except real
9 property and services to real property, which are sold for one
10 nonitemized price. A "*bundled transaction*" does not include
11 the sale of any products in which the sales price varies, or
12 is negotiable, based on the selection by the purchaser of the
13 products included in the transaction.

14 Sec. 116. Section 423.2, subsection 9, Code 2021, is amended
15 to read as follows:

16 9. A tax of ~~six~~ eleven percent is imposed upon the
17 sales price from any mobile telecommunications service,
18 including all paging services, that this state is allowed
19 to tax pursuant to the provisions of the federal Mobile
20 Telecommunications Sourcing Act, Pub. L. No. 106-252, 4 U.S.C.
21 §116 et seq. For purposes of [this subsection](#), taxes on mobile
22 telecommunications service, as defined under the federal Mobile
23 Telecommunications Sourcing Act that are deemed to be provided
24 by the customer's home service provider, shall be paid to
25 the taxing jurisdiction whose territorial limits encompass
26 the customer's place of primary use, regardless of where the
27 mobile telecommunications service originates, terminates,
28 or passes through and shall in all other respects be taxed
29 in conformity with the federal Mobile Telecommunications
30 Sourcing Act. All other provisions of the federal Mobile
31 Telecommunications Sourcing Act are adopted by the state of
32 Iowa and incorporated into [this subsection](#) by reference. With
33 respect to mobile telecommunications service under the federal
34 Mobile Telecommunications Sourcing Act, the director shall, if
35 requested, enter into agreements consistent with the provisions

1 of the federal Act.

2 Sec. 117. Section 423.2, subsection 10, paragraph a, Code
3 2021, is amended to read as follows:

4 a. A tax of ~~six~~ eleven percent is imposed on the sales price
5 of specified digital products sold at retail in the state. The
6 tax applies whether the purchaser obtains permanent use or less
7 than permanent use of the specified digital product, whether
8 the sale is conditioned or not conditioned upon continued
9 payment from the purchaser, and whether the sale is on a
10 subscription basis or is not on a subscription basis.

11 Sec. 118. Section 423.2, subsection 12, Code 2021, is
12 amended to read as follows:

13 12. The sales tax rate of ~~six~~ eleven percent is reduced to
14 five ten percent on January 1, 2051.

15 Sec. 119. Section 423.2A, subsection 2, paragraph c, Code
16 2021, is amended to read as follows:

17 c. Transfer ~~one-sixth~~ nine and four thousand one hundred
18 eighteen ten-thousandths percent of the remaining revenues to
19 the secure an advanced vision for education fund created in
20 section 423F.2. This paragraph "c" is repealed January 1, 2051.

21 Sec. 120. Section 423.5, subsection 1, unnumbered paragraph
22 1, Code 2021, is amended to read as follows:

23 Except as provided in paragraph "b", an excise tax at the
24 rate of ~~six~~ eleven percent of the purchase price or installed
25 purchase price is imposed on the following:

26 Sec. 121. Section 423.5, subsection 1, paragraph b, Code
27 2021, is amended to read as follows:

28 b. An excise tax at the rate of ~~five~~ ten percent is imposed
29 on the use of vehicles subject only to the issuance of a
30 certificate of title and the use of manufactured housing, and
31 on the use of leased vehicles, if the lease transaction does
32 not require titling or registration of the vehicle, on the
33 amount subject to tax as calculated pursuant to section 423.26,
34 subsection 2.

35 Sec. 122. Section 423.5, subsection 4, Code 2021, is amended

1 to read as follows:

2 4. The use tax rate of ~~six~~ eleven percent is reduced to ~~five~~
3 ten percent on January 1, 2051.

4 Sec. 123. Section 423.43, subsection 1, paragraph b, Code
5 2021, is amended to read as follows:

6 b. Subsequent to the deposit into the general fund of
7 the state and after the transfer of such revenues collected
8 under chapter 423B, the department shall transfer ~~one-sixth~~
9 one-eleventh of such remaining revenues to the secure an
10 advanced vision for education fund created in section 423F.2.
11 This paragraph is repealed January 1, 2051.

12 Sec. 124. EFFECTIVE DATE. This division of this Act takes
13 effect January 1, 2023.

14 DIVISION III

15 FUTURE INDIVIDUAL INCOME TAX CHANGES — REPEAL

16 Sec. 125. REPEAL. 2018 Iowa Acts, chapter 1161, sections 99
17 through 127, 131, and 132, are repealed.

18 Sec. 126. REPEAL. 2019 Iowa Acts, chapter 162, is repealed.

19 Sec. 127. EFFECTIVE DATE. This division of this Act takes
20 effect January 1, 2023.

21 DIVISION IV

22 CORRESPONDING AMENDMENTS LEGISLATION

23 Sec. 128. IMPLEMENTATION OF ACT. Additional legislation
24 is required to fully implement this Act. The director of the
25 department of revenue shall, in compliance with section 2.16,
26 prepare draft legislation for submission to the legislative
27 services agency, as necessary, to implement the repeal of the
28 individual income tax under this Act and under other provisions
29 of law.

30 EXPLANATION

31 The inclusion of this explanation does not constitute agreement with
32 the explanation's substance by the members of the general assembly.

33 This bill relates to state taxes by repealing the individual
34 income tax and increasing the state sales and use tax rates.

35 Division I repeals the individual income tax and makes

1 numerous conforming changes to the Code to remove references
2 to the individual income tax and to update or move provisions
3 of the individual income tax that are also applicable by
4 reference to the corporate income tax and the franchise tax.
5 The division also repeals the emergency medical services income
6 surtax in Code chapter 422D, the instructional support income
7 surtax in Code section 257.21, the educational improvement
8 income surtax in Code section 257.29, and the physical plant
9 and equipment income surtax in Code section 298.2, because
10 income surtax revenues will no longer be generated without the
11 state individual income tax.

12 The repeal of the individual income tax will also affect the
13 industrial new jobs training program in Code chapter 260E, the
14 accelerated career education program in Code chapter 260G, and
15 the targeted jobs withholding credit in Code section 403.19A,
16 because those programs rely on income tax amounts withheld from
17 employee wages by employers.

18 The division provides that additional legislation is
19 required to fully implement the division and requires the
20 director of the department of revenue to prepare draft
21 legislation in compliance with Code section 2.16 for submission
22 to the legislative services agency to implement the repeal of
23 the individual income tax.

24 The division takes effect January 1, 2023, and applies to tax
25 years beginning on or after that date.

26 Division II increases the state sales and use tax rate to
27 11 percent from 6 percent. By operation of law as provided in
28 Article VII, section 10 of the Iowa Constitution, a portion
29 (0.375 percent) of the state sales tax generated and collected
30 from the rate increase provided in this division will be
31 transferred to the natural resources and outdoor recreation
32 trust fund in Code section 461.31. The division amends the
33 transfer of state sales tax revenues to the secure an advanced
34 vision for education fund (SAVE) in Code section 423.2A from
35 one-sixth (approximately 16.66 percent) of the revenues to

1 9.4118 percent of the revenues to ensure that SAVE receives
2 approximately the same amounts of sales tax revenue as it did
3 prior to the sales tax rate increase provided in the division.

4 The division takes effect January 1, 2023.

5 Division III strikes future contingent individual income tax
6 changes in 2018 Iowa Acts, chapter 1161, and 2019 Iowa Acts,
7 chapter 162 due to the repeal of the individual income tax in
8 the bill. Currently, the future individual income tax changes
9 are set to begin in tax year 2023 or in a later tax year,
10 contingent upon the satisfaction of certain net general fund
11 revenue amount and growth targets.

12 The division takes effect January 1, 2023, and applies to tax
13 years beginning on or after that date.

14 Division IV requires the director of the department of
15 revenue to prepare draft legislation for submission to the
16 legislative services agency, as necessary, to implement the
17 repeal of the individual income tax.

18 The division takes effect July 1, 2021.